GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2599
ANSWERED ON:10.03.2000
FRAUD IN PUNJAB NATIONAL BANK
NARESH KUMAR PUGLIA;RAM SAGAR;RAMDAS ATHAWALE;VARKALA RADHAKRISHNAN

Will the Minister of FINANCE be pleased to state:

(a) whether the Central Vigilance Commission had submitted an adverse report against some top officers of the Punjab National Bank;

(b) if so, the details thereof;

(c) the action taken by the Government against them;

(d) whether CBI has completed its investigation in respect of fraud in Punjab National Bank;

(e) if so, the details thereof; and

(f) the action taken by the Government against the persons found guilty ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) to (f):- The Central Vigilance Commission (CVC) which was consulted in the matter of accountability of Shri Rashid Jilani, Chairman & Managing Director (CMD), Punjab National Bank (PNB) and the then Managing Director (MD), PNB Caps. in certa allegedly irregular securities transactions during the period April 1991 to May 1992, advised that Government may consider termination of appointment of the board level executives of the bank including Shri Rashid Jilani besides referring the case to Central Bureau of Investigation (CBI) for investigation. The matter was considered in consultation with the Reserve Bank of India (RBI) and i was decided to refer the matter to CBI for investigation. The CBI has since registered a Preliminary Enquiry in the matter.

The CBI had also registered a Regular Case against CMD, PNB, the Ex. MD of PNB Caps. and others in the matter relating t irregularities in sanction of short term deposit/ bridge loan to two companies by PNB Caps. aggregating Rs.13 crores which was later written off. PNB has reported that PNB Caps has filed winding up petitions against Willard India Ltd. and Solarson Industries Ltd. anc that a sum of Rs.2.10 crores has already been realized.

It has been decided not to reappoint Shri Rashid Jilani, CMD, PNB beyond his present term which has expired on 06.03.2000.